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USAID FOR DCHA, OFDA, FFP, EGAT AND AFRICA BUREAU  
USDA FAS FOR PHILBROOK AND SHEIKH  
TREASURY FOR MORRIS AND GANDHI

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TAGS: [WFP](#) [AORC](#) [EAID](#) [EAGR](#)

SUBJECT: WORLD FOOD PROGRAM'S PURCHASE FOR PROGRESS (P4P) ANNUAL REVIEW

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Summary  
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¶1. From December 9-10, USG representatives from USAID, USDA and MCC attended the first Annual Review of the UN World Food Program (WFP) Purchase for Progress (P4P) program, an initiative to promote the development of agricultural markets capitalizing on WFP's purchasing power. Over 150 participants gathered in Rome to exchange experiences, challenge assumptions, set priorities and make improvements for moving P4P forward, which has generated great interest and support among stakeholders. Participants agreed that there is a need to: broaden and deepen partnerships in particular with the private sector; strengthen national and regional market information systems to better monitor the impact of P4P; make gender empowerment a specific goal of programs; ensure programs are led, designed and implemented at the country/community level. End summary.

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Purchase for Progress (P4P)  
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¶2. Inspired by the potential of WFP's purchasing power -- 80 percent of WFP's \$1.2 billion commodity budget is spent in the developing world each year -- Purchase for Progress (P4P) began in 2008 with the aim of taking local procurement a step further. The key objective is to help poor small-holder farmers organize to meet WFP demand, thereby increasing the income of those in need while at the same time developing lasting market structures. The P4P vision is to promote the development of agricultural markets in such a way that by 2013 at least 500,000 low-income smallholder farmers (mostly women) will produce food surpluses and sell them at a fair price to increase their incomes. Most importantly, P4P activities complement broader national and regional economic development strategies, including the Comprehensive Africa Agricultural Development Program (CAADP).

¶3. P4P is a five-year, \$115 million pilot program built on three pillars: WFP's demand (in 2008, while assisting 103

million people, WFP bought \$1.1 billion worth of food commodities), supply side partnerships (WFP links its demand with the expertise, knowledge and resources of supply side partners that support farmers to increase and improve quality of their production) and learning and sharing (P4P gathers and shares lessons about effective approaches to help smallholder farmers benefit from the sale of their agriculture produce). Implementation is underway in 19 of 21 target countries, with 25,000 metric tons already contracted out of the expected total of 40,000 metric tons by the end of CY 2009. Nearly 10,000 farmers and 58 warehouse operators have received training, and about 50 supply side partners are working with farmer organizations on P4P. A comprehensive monitoring and evaluation system, including baselines, is being rolled out in the pilot countries.

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Annual Review Process  
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¶4. The 150 representatives in attendance included P4P coordinators, key staff from WFP headquarters and the field, partner organizations and other global stakeholders. The USG was represented by USAID, USDA, and the MCC. Other donors such as Canada and Belgium and the Gates and Buffet Foundations also participated.

¶5. Working group sessions were held on the following topics: competitive and non-competitive procurement, processing/food safety and quality, partnership models, capacity building, monitoring and evaluation and gender issues. Groups also met by region, with one dedicated to conflict and post-conflict countries. Recurring issues coming out of these sessions included the importance of an enabling policy environment (limited market interference by host government), farmer access

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to credit, providing support to small to medium-scale traders and food processors, a need for more flexible procurement modalities, promoting the expansion of warehouse receipts systems and commodity exchanges, the critical issue of defining commodity prices, monitoring and evaluation challenges, quality standards, and the selection of adequate partners. In a session highlighting donor perspectives, USAID presented an overview of the USG Global Hunger and Food Security Initiative (<http://www.state.gov/s/globalfoodsecurity>), and noted an anticipated scale-up in funding for focus countries as an opportunity for partnership, encouraging contact between local WFP offices and U.S. Missions to identify shared objectives.

¶6. Observations/concerns: Several participants noted the developmental nature of this program, expressing concern that programming in this area (with gender issues as an example) would be substandard due to it not being WFP's area of expertise. The impact of P4P activities on local markets was also raised: WFP's Director of Procurement recognized difficulties in market results measurement due to P4P's small-scale pilot status presently, and reiterated WFP's committed attention to market sensitivities.

¶7. Comment: While it is still too early to gauge the full impact of this program, it does appear to provide a platform to test new procurement approaches and support those best suited to help small holder farmers. Only time will tell if the program can raise small subsistence farmers up to the level of surplus-producing commercial farmers. Similarly, it is too early to judge whether P4P will substantially and sustainably raise levels of production in targeted areas or if it will save money compared to other forms of procurement. End comment.

¶8. For further information on P4P, please contact Michelle Snow (Snowms@state.gov) at USUN-Rome, or Rachel Grant (ragrant@usaid.gov) in FFP/Washington. Additional information may be found at: <http://www.wfp.org/purchase-progress>; as well as at: <http://documents.wfp.org/stellent/groups/public/documents/n>

ewsroom/wfp209354.pdf.

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